

LOCAL TRANSPORTATION SALES TAX OPTION FOR BLUE EARTH COUNTY

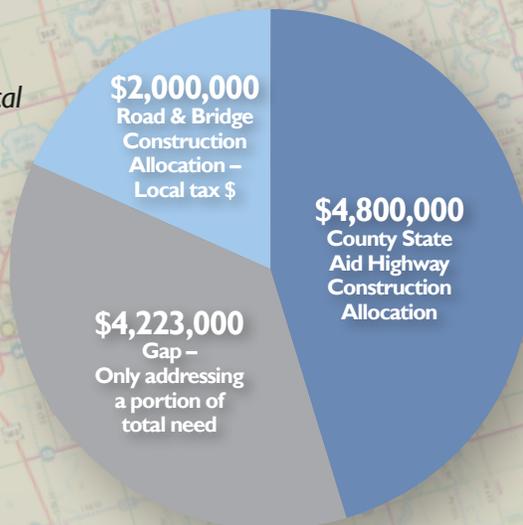
The Need for More Transportation Funding

Currently, there is a **\$4,223,000** gap in transportation funding for Blue Earth County's 430-mile County State Aid Highway (CSAH) System. Funds are needed to improve the existing County Road system as well as expand infrastructure demands.

BLUE EARTH COUNTY ROAD & BRIDGE FUNDING INDICATORS OF NEED

New MnDOT State Aid for Local Transportation (SALT) formula estimates annual life cycle needs at **\$11,023,000** per year for Blue Earth County

(based on extremely conservative life cycles).



\$11,023,000 ANNUAL NEED

COUNTY STATE AID HIGHWAY SYSTEM

430 miles of paved rural and municipal roads (construction and maintenance primarily funded by the Highway User Tax Distribution Fund).

COUNTY ROADS

304 miles with 41 miles of paved and 263 miles of gravel roads (constructed and maintained with local road and bridge property tax funds).

In 2013, the Minnesota Legislature passed legislation (Statute 297A.993) authorizing individual counties to enact new revenue sources to specifically finance transportation projects:

- Sales tax up to ½ percent on retail sales
- A wheelage tax of \$10 on vehicles kept in their county
- A \$20 excise tax for retail sales of vehicles

BLUE EARTH COUNTY TRANSPORTATION FUNDING OPTION COMPARISONS (POTENTIAL REVENUE ESTIMATES)

Transportation Sales Tax Revenue Options:

½ Cent Sales Tax: \$5,587,738

¼ Cent Sales Tax: \$2,793,869

\$20 Excise Tax per new vehicle: \$200,000

(Residents, businesses, commuters, visitors share in the cost)



Wheelage Tax Revenue Option:

\$10 per vehicle flat fee: \$505,000
(Blue Earth County licensed vehicles)



Property Tax Levy Revenue Option:

10% levy increase = \$3,000,000

20% levy increase = \$6,000,000

(Blue Earth County property owners)



Blue Earth County
204 S. 5th Street
Mankato, MN

www.blueearthcountymn.gov

TRANSPORTATION SALES TAX OPTION DISCUSSION

- Explore a funding mechanism that attempts to share the tax burden with those utilizing the local transportation system
- Minimize the tax burden for transportation funding, especially for Blue Earth County property owners
- Utilize a funding mechanism for local transportation projects based on non-essential purchases by residents and nonresidents

RESIDENTS + VISITORS + COMMUTERS

What Could a Potential Transportation Funding Solution Mean for Residents & Visitors?

- Establishment of a predictable funding source for maintaining and constructing roads throughout Blue Earth County
- Enhancement of safety, livability, mobility and convenience factors for County residents, businesses, commuters and visitors to the area
- Ensure roads and infrastructure can be adequately maintained and built for current and future needs
- Position Blue Earth County and its communities for future industry growth in addition to providing quality infrastructure throughout the County

ESTIMATED TRANSPORTATION SALES TAX IMPACTS ON BLUE EARTH COUNTY HOUSEHOLDS

½ PERCENT TAX
\$81 per Household (yearly)

¼ PERCENT TAX
\$40.50 per Household (yearly)

**Estimates provided by the Minnesota
Department of Revenue.*

HOW COULD A LOCAL TRANSPORTATION SALES TAX OPTION BE SPENT?

- **Greater Blue Earth County**
 - Reconstruction and safety improvement projects
 - Bituminous stabilized gravel roads
- **Metropolitan Planning Organization (MAPO) Considerations**
 - Reconstruction and safety improvement projects
 - Expansion projects for long-term transportation growth



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